

BOARD INTEGRATED RISK MANAGEMENT COMMITTEE

Composition of the Board Integrated Risk Management Committee

The Board appointed Integrated Risk Management Committee (BIRMC), as at the end of financial year 2019 comprised of the following members:

Mr. M.P. Jayawardena* (*Chairman*)

Mr. S. Swarnajothi* (*Director*)

Mr. K. Dharmasiri* (*Director*)

Mr. L.D. Niyangoda* (*Director*)

Mr. T.L.B. Hurulle* (*Director*)

Mr. S. Renganathan (*Managing Director/CEO*)

Mr. S.K.K. Hettihamu (*Chief Risk Officer*)

**Independent Non-Executive Director*

[Please refer 'Board of Directors' section for the profiles of the Board members.]

Chief Financial Officer functions as the Secretary of the Committee.

Charter of the Board Integrated Risk Management Committee

The BIRMC was established by the Board of Directors, in compliance with the Section 3 (6) of the Direction No. 11 of 2007, on 'Corporate Governance for Licensed Commercial Banks in Sri Lanka', issued by the Monetary Board of the Central Bank of Sri Lanka under powers vested in the Monetary Board, in terms of the Banking Act No. 30 of 1988. The composition and the scope of work of the Committee is in conformity with the provisions of the Section 3 (6) (v) of the aforesaid Direction.

The Charter of the BIRMC was reviewed by the Board of Directors in December 2019 and it clearly sets out the membership, source of authority, duties and responsibilities of the BIRMC.

Committee Meetings and the Methodology

The Committee holds four meetings on a quarterly basis, during a particular financial year. The Committee submits a risk assessment report within a week of each meeting to the Board of Directors. The attendance of Committee Members at meetings in the year 2019 is stated below. The BIRMC assists Board of Directors in performing its oversight function in relation to different types of risks faced by the Bank in its business operations and ensures adequacy and effectiveness of the risk management framework of the Bank. BIRMC also ensures that the actual overall risk profile of the Bank conforms to the desirable risk profile and the risk appetite of the Bank, as defined by the Board of Directors.

The Committee assesses all key risks such as Credit, Operational, Market, Liquidity etc., on a monthly basis through a set of risk indicators established through the risk related policies of the Bank. The Committee continued to work very closely with the Key Management Personnel and the Board of Directors in fulfilling its statutory, fiduciary and regulatory responsibilities for risk management.

Activities of the Committee

In order to discharge the above duties and responsibilities, the Committee undertakes to carry out the following:

- ❖ Reviewing the terms of reference of all Management Committees dealing with specific risks or some aspect of risk, such as the Executive Integrated Risk Management Committee, The Executive Committee on Monitoring NPAs, the Credit Policy Committee and the Assets and Liabilities Committee.
- ❖ Monitoring the actions initiated by Senior Management to test the effectiveness of the measures taken by the respective Committees referred to above.
- ❖ Reviewing the annual work plan, related strategies, policies and framework of the above Committees, to ensure that the Committees have a good understanding of their mandate and adequate mechanism to identify, measure, avoid, mitigate, transfer or manage the risks within the qualitative and quantitative parameters set by the BIRMC.
- ❖ Maintaining a continuous dialogue with the Management Committees directly or indirectly dealing with specific risks, so that the BIRMC is immediately informed of any hindrance, obstacle, discouragement or constraint in the performance of their functions and/or the implementation of their decisions.
- ❖ Periodically reviewing and approving the Internal Capital Adequacy Assessment Process (ICAAP) framework and ensure that ICAAP is subject to comprehensive internal audit oversight.
- ❖ Reviewing and improving the effectiveness of the risk related policy framework of the Bank.
- ❖ Reviewing risk profiles of subsidiaries of the Bank.
- ❖ Taking appropriate actions to implement software solutions to support the risk management function of the Bank in order to migrate into advance approaches in Basel II/Basel III in the future.
- ❖ Reviewing the risk indicators designed to monitor the level of specific risks at any given time, with a view of determining the adequacy of such indicators to serve the intended risk management objectives.
- ❖ Reviewing the actual results computed monthly against each risk indicator and take prompt corrective action(s) to mitigate the effects of specific risks, in case such risks are exceeding the prudent thresholds defined by the Board of Directors.
- ❖ Reviewing and approving the parameters and limits set by the management against various categories of risk and ascertain whether they are in accordance with the relevant laws and regulations as well as the desired policy levels stipulated by the Board of Directors.
- ❖ Taking appropriate actions against the failures of the officers responsible for risk management functionality to improve the overall effectiveness of risk management at the Bank.
- ❖ Monitoring the effectiveness and the independence of the risk management function within the Bank and ensure that adequate resources are deployed for this purpose.
- ❖ Reviewing the effectiveness of the compliance function, to assess the Bank's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies in all areas of business operations.
- ❖ Reviewing the updated Business Continuity and Disaster Recovery Plan annually.

Number of Meetings Held and Attendance for the Year 2019

Name of Committee	Main Board		Board Integrated Risk Management Committee		Board Audit Committee		Board Credit Committee		Board Technology Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr. K.G.D.D. Dheerasinghe	14	14	N/A	N/A	N/A	N/A	12	12	N/A	N/A
Mr. M.P. Jayawardana	14	14	5	5	N/A	N/A	N/A	N/A	N/A	N/A
Mr. S. Renganathan	14	14	5	5	8	8	12	11	5	5
Mr. S.C.U. Manatunge	14	13	5	5	8	8	12	12	5	3
Mr. S. Swarnajothi	14	14	5	5	8	7	N/A	N/A	N/A	N/A
Prof. A.K.W. Jayawardane	14	14	N/A	N/A	8	8	12	10	5	5
Mr. K. Dharmasiri	14	14	5	5	8	8	N/A	N/A	5	5
Mr. L.D. Niyangoda	14	14	5	4	N/A	N/A	N/A	N/A	N/A	N/A
Ms. N.T.M.S. Cooray	14	14	N/A	N/A	8	8	N/A	N/A	N/A	N/A
Mr. G.S. Jadeja*	4	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. T.L.B.Hurulle	14	13	5	5	N/A	N/A	N/A	N/A	5	5
Justice K. Sripavan	14	13	N/A	N/A	8	8	9	9	N/A	N/A

*Resigned w.e.f April 01, 2019

<< Back